

MAINE STATE LEGISLATURE

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Legislative Document

No. 394

H.P. 310

House of Representatives, January 29, 2007

An Act To Provide a Tax Benefit to Businesses That Invest in Quality Child Care

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CONOVER of Oakland.
Cosponsored by Senator MARRACHÉ of Kennebec and
Representatives: BARSTOW of Gorham, CAIN of Orono, MAKAS of Lewiston, PERCY of
Phippsburg, SILSBY of Augusta, TRINWARD of Waterville, Senators: DAMON of Hancock,
MITCHELL of Kennebec.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶Y is enacted to read:**

3 Y. For a business located in a Pine Tree Development Zone designated under Title
4 30-A, chapter 206, subchapter 4 or within 25 miles of such a zone that provides
5 support to a facility for the provision of child care services, that is determined by the
6 Department of Health and Human Services to be eligible for the quality differential
7 rate provided under Title 22, section 3737, subsection 3, an amount equal to:

8 (1) Ten percent of the amount provided to support the construction of or
9 renovation to the facility; and

10 (2) Twenty-five percent of the cost of direct support provided for child care for
11 employees of the business.

12 The subtraction authorized under this paragraph may not exceed \$5,000. Support for
13 a new child care facility is eligible for the subtraction authorized under this paragraph
14 during the first 12 months after the facility opens without being required to
15 demonstrate that it is eligible for the differential rate but must demonstrate eligibility
16 for the differential rate to continue eligibility for the subtraction after the first 12
17 months after the facility opens.

18 **SUMMARY**

19 This bill provides an income tax deduction for a business that is located in a Pine
20 Tree Development Zone or within 25 miles of such a zone of up to \$5,000 for 10% of the
21 cost of construction or renovation to a facility for the provision of child care services
22 eligible for a quality differential rate as determined by the Department of Health and
23 Human Services and 25% of the cost of direct support provided to such a facility for child
24 care for employees of the business. A new facility would need to demonstrate eligibility
25 for the differential rate within 12 months of opening.